



Media Release

AGL injecting \$2 billion to improve energy affordability and reliability

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AGL is currently investing more than any other company to build new energy supply to help drive down power prices, and taking more action than any other energy retailer to help customers access better deals, said AGL's MD & CEO Andy Vesey.

"The best way to address pricing challenges in the market is to increase supply. We're investing more than anyone else in building new supply to drive down prices and stand ready to invest more when there is certainty on carbon policy," said Mr Vesey.

"While more AGL customers are accessing discounts than ever before, AGL was the first retailer to proactively contact its concession customers on standing offers to encourage them onto a better rate. It has not been our practice to move customers at the end of discount periods to higher standing offers.

"Our customers have told us they find energy offers confusing so we are working with Government and industry to help standardise how energy offers are presented – this will enable customers to more easily choose the best energy plan for them."

Meeting outcomes

"Following today's meeting with the Prime Minister, we have committed to deliver a plan in 90 days of the actions AGL will take to avoid a market shortfall once the Liddell coal-fired power station retires in 2022.

"I was asked to take to the AGL Board the Government's request to continue the operation of Liddell post 2022 for five years and/or sell Liddell, which I agreed to do," Mr Vesey said.

AGL has previously advised the market that replacement of capacity will likely be provided by a mix of load shaping and firming from gas peaking plant, demand response, pumped hydro and batteries.

"Short term, new development will continue to favour renewables supported by gas peaking. Longer term, we see this trend continuing with large scale battery deployment enhancing the value of renewable technology. In this environment, we just don't see new development of coal as economically rational, even before factoring in a carbon cost," Mr Vesey said.

By giving advanced notice of closure of its coal-fired power plants, AGL is meeting one of the 49 recommendations in the Finkel Report that have been accepted by the Commonwealth Government.

"The long notice period we have given reflects our commitment to managing carbon risk for shareholders and avoiding the volatility created by recent sudden withdrawal of capacity," Mr Vesey said.

Since AGL acquired Liddell from the NSW Government in 2015, AGL has invested \$123 million in the plant to improve reliability. Despite this investment, during the February 2017 heatwave, two units from Liddell were out of the market due to unforeseeable boiler tube leaks. As a result, there was not enough energy in the system and NSW experienced blackouts in parts of the State.

"As Liddell approaches the end of its life in 2022, it will likely experience more unanticipated outages, which is why we will spend a further \$159 million to improve reliability at Liddell before it closes," Mr Vesey said.

As outlined at its FY17 Results last month, AGL is currently investing \$2 billion directly and indirectly in new supply to help provide the capacity and energy the system needs.



The four Liddell coal-fired generation units were commissioned between 1971 and 1973. Liddell currently has 1,680 MW of effective capacity. It supplies approximately 8,000 GWh of electricity a year, which is enough to power more than 1 million homes.

In April 2015 as part of its Greenhouse Gas Policy, AGL committed to the closure of its coal-fired power stations at the end of their operating life, to support the Commonwealth Government's commitment to work towards a global agreement to limit global warming to less than 2 degrees Celsius above pre-industrial levels.

Following an independent expert review of AGL's rehabilitation obligations, the cost of rehabilitating both Liddell and Bayswater power stations was calculated to be \$898 million. AGL advised the market last month that it has increased its rehabilitation provisions to meet this obligation. ([Read AGL Rehabilitation Report here](#))

1. [AGL Presentation: A future of storable renewable energy](#)

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About AGL

AGL is committed to helping shape a sustainable energy future for Australia. We operate the country's largest electricity generation portfolio, we're its largest ASX-listed investor in renewable energy, and we have more than 3.5 million customer accounts. Proudly Australian, with more than 180 years of experience, we have a responsibility to provide sustainable, secure and affordable energy for our customers. Our aim is to prosper in a carbon-constrained world and build customer advocacy as our industry transforms. That's why we have committed to exiting our coal-fired generation by 2050 and why we will continue to develop innovative solutions for our customers.